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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. It is expected that nine Chinese Communist commercial banks in Hong Kong are to be unified to form one large bank. All nine banks have been under the control of the Bank of China for some time and have been, in effect, branches of the Bank of China.¹ They are as follows:

Sin Hua Trust Savings and Commercial Bank, Ltd.
 China and South Sea Bank, Ltd.
 Kincheng Banking Corporation
 Young Brothers Banking Corporation
 China State Bank, Ltd.
 Kwangtung Provincial Bank
 National Commercial Bank
 Chekiang First Bank of Commerce, Ltd.
 Yien Yieh Commercial Bank, Ltd.

2. The Bank of China has engaged Sir Man-Kam LO and KUAN Hsueh-lin (7070/1331/2651), two prominent Hong Kong lawyers, to study the problems involved in effecting the merger, including registration with the Hong Kong government and the valuation of outstanding shares after amalgamation. Registration with the Hong Kong government will probably require six months or a year to effect. Meanwhile unification of accounts and the reallocation of personnel will be carried out as of January 1954, and the banks will become amalgamated for all practical purposes prior to actual registration with the Hong Kong government.

3. The amalgamation of the nine banks will result in a surplus of employees. Those deemed valuable will be retained; others will be assigned to other locations in China to work. It is anticipated that many who are assigned to China will refuse to go and will therefore be forced to resign.

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